



STATE OF DELAWARE

PUBLIC SERVICE COMMISSION

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January 22, 2015

MEMORANDUM

TO: The Chair and Members of the Commission
FROM: Toni Loper, Public Utility Analyst
SUBJECT: IN THE MATTER OF THE APPLICATION OF SPRAGUE ENERGY SOLUTIONS, INC. FOR A
CERTIFICATE TO PROVIDE ELECTRIC SUPPLY SERVICES WITHIN THE STATE OF DELAWARE
(SUBMITTED DECEMBER 11, 2014; FILED JANUARY 8, 2015) - PSC DOCKET No. 14-0563

Background

On January 8, 2015, Sprague Energy Solutions, Inc. (the "Company") filed an application (the "Application") with the Delaware Public Service Commission ("Commission") for an Electric Supplier Certificate ("ESC") to act as a Broker in the State of Delaware pursuant to §1012 of the Electric Utility Restructuring Act of 1999, 26 *Del. C.* §1001 - §1020 (the "Act") and 26 *Del. Admin. C.* §3001, the Commission's Rules for Certification and Regulation of Electric Suppliers (the "Supplier Rules").¹

Application

The Company's original filing was submitted December 11, 2014; the submitted application did not meet the minimum filing requirements (MFR's). Staff requested the Company file additional documentation and requested that the company provide the following information: a) a copy of the Certificate of Good Standing issued by the Delaware Secretary of State, b) provide the geographic area to be served, c) provide the license numbers and/or docket numbers for the following state certifications listed in the application: DC, MA, MD, ME and NJ, d) consent to jurisdiction of the Delaware courts for acts or omissions arising from their activities in the State, e) provide a signed sworn verification by principal or agent of the Applicant verifying that the information contained in the supplemental filings is true and correct. Follow up documentation was received which satisfied the MFR's.

Review and Analysis

Authority to do Business in Delaware

The Company is incorporated and formed under the laws of Delaware and has provided proof issued by the Delaware Secretary of State that it is legally authorized and qualified to do business in the State of Delaware.

¹ Unless otherwise noted, all references to capitalized terms are set forth in the Act and/or the Supplier Rules.

Resident Agent

The Company lists Corporation Trust Company based in Wilmington, DE as its Resident Agent.

Compliance with Regional Requirements

The Company affirms in its Application that it will only present electricity supply contracts to its customers from Marketers/Electric Suppliers who are in compliance with all applicable PJM requirements.

Financial, Operational, Managerial and Technical Ability

The Company provided the bank statements as indicia of financial capability under Section 2.1.1.5.1 of the Supplier Rules. Staff believes that the confidential financial statements show substantial evidence of the Applicant's ability to provide services as a Broker in the State of Delaware.

The Company anticipates acting as a Broker serving small commercial, large commercial and industrial customers for the sale or purchase of electricity throughout the State of Delaware. The Application states that the Company currently offers service in New Hampshire. Staff has confirmed that the Company is licensed in that state. The Company submitted additional information on January 8, 2015, in which it was stated that the Company had applications pending in Connecticut, The District of Columbia, Illinois, Massachusetts, Maine, Maryland, and New Jersey. Staff was able to confirm that the Company has since been approved to operate in Connecticut, Illinois and Rhode Island. The application states that the Company has not been denied approval nor had its authority revoked by any state commission.

The Application included a summary of the key operating personnel of the Company. Mr. Mark Roberts, Managing Director, has over 25 years' experience in the energy industry. His experience includes work in gas operations where he was responsible for supply planning, procurement and scheduling, cost margin reporting, related internal systems management development, sales support and training. He has held positions with Sprague for 14 years and his experience includes utility asset management, regulatory compliance, natural gas trading, sales and marketing. He is presently responsible for the Company's natural gas sales, and marketing activities to include managing 30 employees. Mr. Brian Weego, Vice President, Natural Gas, has been with the Company, or its predecessor, since 1998. During his tenure he has held positions which include Manager, Natural Gas Supply and Operations, Director, Natural Gas Marketing, and Managing Director, Natural Gas Marketing. His previous experience included 11 years' in various segments of the natural gas industry where he held positions in wholesale natural gas originations and sales, natural gas supply and trading, and natural gas utility supply planning and acquisition. Staff performed an internet review of the Company and its key operating personnel. The search did not reveal any issues. Staff believes that this information shows substantial evidence of the Applicant's managerial and technical ability to provide services as a Broker in the State of Delaware.

Staff believes that the Company has demonstrated substantial evidence that its Staff has the operational, managerial and technical abilities to perform as a Broker.

Surety Bond

The Company did not post a surety bond because it is a Broker only and there are no service agreements between the Company and any Delaware Electric Distribution Company. The Company will not collect any fees or deposits from any of its customers for any of its brokerage services.

Verification of Application

The Application was verified in a signed, sworn verification letter by Mr. Roberts, Managing Director.

Consent to Jurisdiction

The Company consents to the jurisdiction of the Delaware courts.

Contracts

The Company also did not provide any sample contracts for small commercial, large commercial or industrial because it is a Broker only and does not and will not have contracts with Retail Electric Customers to provide Electric Supply Service.

Statement of Criminal Activity

The Applicant stated in the application that they have not been charged or convicted of any criminal activity nor have any of its principals or corporation officers. The Applicant has no affiliated interests. An internet review of the Company and its principals revealed no outstanding issues.

Legal Review

On January 28, 2015, following Staff's completed review and analysis of the Application, Staff forwarded its final analysis to the assigned attorney to confirm that all required documentation requested and received from the Company was in compliance with Delaware law and the Supplier rules and regulations.

Staff Recommendation

Based on Staff's review of the Application, the Company has satisfied the requirements of the Act and the Supplier Rules. The Company resolved all outstanding issues with Staff and the completed application supports the Company's request for certification. Staff's review and analysis of the Application submitted by the company demonstrates substantial evidence of capability to render service based on the Company's financial, operational, managerial and technical abilities. Therefore, Staff recommends the Commission approve the Application.